Report

To the ILRI Board of Trustees

Tom Randolph

April 2017

CGIAR is a global partnership that unites organizations engaged in research for a food-secure future. The CGIAR Research Program on Livestock provides research-based solutions to help smallholder farmers, pastoralists and agro-pastoralists transition to sustainable, resilient livelihoods and to productive enterprises that will help feed future generations. It aims to increase the productivity and profitability of livestock agri-food systems in sustainable ways, making meat, milk and eggs more available and affordable across the developing world. The Program brings together five core partners: the International Livestock Research Institute (ILRI) with a mandate on livestock; the International Center for Tropical Agriculture (CIAT), which works on forages; the International Center for Research in the Dry Areas (ICARDA), which works on small ruminants and dryland systems; the Swedish University of Agricultural Sciences (SLU) with expertise particularly in animal health and genetics and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) which connects research into development and innovation and scaling processes.

The Program thanks all donors and organizations who globally supported its work through their contributions to the [**CGIAR system**](http://www.cgiar.org/about-us/our-funders/)

*©* 2017

 This publication is licensed for use under the Creative Commons Attribution 4.0 International Licence. To view this licence, visit <https://creativecommons.org/licenses/by/4.0>.

Unless otherwise noted, you are free to share (copy and redistribute the material in any medium or format), adapt (remix, transform, and build upon the material) for any purpose, even commercially, under the following conditions:

 ATTRIBUTION. The work must be attributed, but not in any way that suggests endorsement by the publisher or the author(s).

This report covers the following seven topics for information:

1. Closing the Livestock & Fish CRP
   1. Final financial situation
   2. Science & Partnership Advisory Committee
   3. Annual report
   4. Self-evaluation
2. Plan of Work & Budget 2017
3. Financial outlook
4. Independent Steering Committee
5. Partnership
6. Monitoring & Evaluation

# Closing the Livestock & Fish CRP

The Livestock & Fish CRP was originally planned to be a 12-year program of four 3-year funding cycles, but in the end ran for 5 years on an initial 3-year cycle with a 2-year extension, covering 2012-2016.

# Ending financial situation

The level of Window 1/2 funding for the CRP for 2016 remained largely uncertain until the very end of the year when the major donor contributions were finally revealed. Given that uncertainty, the CRP operated on a relatively conservative 2016 W1/2 budget estimate of $10.3m as indicated in the 2016 Plan of Work & Budget submitted at the beginning of the year. The late commitments were more than anticipated, translating into a total available 2016 W1/2 budget of $15.3m. The last-minute increase in funding was allocated pro-rata to the implementing partners, with a portion used to return the CRP’s 2016 W1/2 operating budget to the originally intended level of $12.9m (which had been the 2015 W1/2 budget), and the remaining portion of $2.6m used to restore the expenditure made from each partner’s reserves in 2015 to compensate for the unanticipated W1/2 budget cuts that had been imposed from late 2014 through 2015. The disbursements were justified by sets of unplanned outputs that were delivered during 2015 and 2016, which demonstrated that the centres had incurred expenditure from their reserves to maintain activities and generate outputs given they had not been able to simply shut down activities with each budget cut. There was clearly a risk of perception that the CRP was ‘dividing up the spoils’ from the late W2 commitments that otherwise should be considered excess funding to be carried over to the 2nd phase CRPs. The CRP management therefore consulted its W2 donors, asking them to endorse the proposed use of the funds. The principle was accepted. The System Management Office initially challenged the decision, but seems to have accepted our explanation that the payments represent reimbursement of previous expenditure rather than distribution of excess carry-over.

Table 1 summarizes annual funding levels over the five year program and highlights the variation that the 1st phase of CRPs has faced, but which was less dramatic for the Livestock & Fish CRP due to its strong W2 funding.

**Table 1. Livestock & Fish CRP planned and executed budget, 2012-2016**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Year** | **Beginning-of-year Budget** | | | **Expenditure** | | |
| **W1/2** | **W3/Bilateral** | **Total** | **W1/2** | **W3/Bilateral** | **Total** |
| **2012** | **10.33** | **11.16** | **21.49** | **8.66** | **8.29** | **16.95** |
| **2013** | **14.20** | **13.37** | **27.57** | **11.39** | **13.06** | **24.44** |
| **2014** | **17.02** | **18.12** | **35.14** | **15.23** | **16.39** | **31.62** |
| **2015** | **11.95** | **20.23** | **32.18** | **14.37** | **14.03** | **28.40** |
| **2016\*** | **15.59** | **35.41** | **51.00** | **14.82** | **26.52** | **41.34** |
| **TOTAL** | **69.09** | **98.29** | **167.38** | **64.47** | **78.29** | **142.76** |

Table 2 tracks the annual contributions from W1 and from W2 donors.

**Table 2. Window 1/2 contributions to the Livestock & Fish CRP, 2012-2016 (millions USD)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Donor** | **2012** | **2013** | **2014** | **2015** | **2016** | **TOTAL** | **Share** |
| USA | 6.86 |  | 7.84 | 3.92 | 2.94 | 21.56 | 32% |
| Netherlands | 4.21 | 4.21 | 4.21 | 4.21 | 3.68 | 20.53 | 31% |
| Sweden | 5.25 | 3.16 |  |  |  | 8.41 | 13% |
| UK |  |  |  | 1.52 | 3.23 | 4.75 | 7% |
| Australia | 1.57 | 0.41 | 0.64 | 0.64 | 0.61 | 3.86 | 6% |
| Window 1 | 0.72 |  | 1.35 | 1.06 |  | 3.13 | 5% |
| Finland | 1.26 | 0.65 | 0.65 |  |  | 2.56 | 4% |
| New Zealand |  |  | 1.74 |  |  | 1.74 | 3% |
| India | 0.08 |  |  |  |  | 0.08 | 0% |
| TOTAL | 19.95 | 8.43 | 16.44 | 11.35 | 10.46 | 66.63 | 100% |

# Science & Partnership Advisory Committee

The SPAC held its final meeting in December during which they had progress reporting sessions with flagship teams and a joint session with the CRP management committee. Their report, which is generally positive, constructive and demonstrates an improved understanding of the program, is attached.

# 2016 Performance Monitoring Report

The 2016 report will have been circulated for Board review and submitted to the System Management Office on April 15th. The ‘success stories’ highlighted this year are:

* TBC

# Self-evaluation

The CRP Management Committee also held its final meeting in December. One session was devoted to a self-evaluation of the program, identifying what worked and what didn’t, first from a programmatic perspective and secondly in terms of management and governance. In many instances, the points raised echoed those already highlighted in the external evaluations, notably with respect to achieving momentum in the target value chains and linking the work there to the research agendas in the other flagships. The CRP’s partnership model was considered healthy.

# Rehabilitation of the unfunded flagships

In November 2016, the System Council approved the Livestock CRP, but did not approve W1/2 funding for two of its flagships: Feeds & Forages and Livestock Livelihoods & Agri-Food Systems. The exact process for re-submission of revised flagship proposals to allow them to receive W1/2 funding has not yet been formalized, but seems we will be allowed to submit them in late May for review by the ISPC in June. This will allow enough time to address any final concerns before the System Management Board and System Council meetings later in the year. The revision process is currently ongoing. Following ISPC advice, we are carefully reviewing their earlier comments, and ISPC appears to be willing to clarify our understanding of their comments, if needed.

Eventual approval of the two revised flagships may not, however, translate into increased funding given that current funding is already fully allocated, and there is no indication yet of whether re-allocation of existing funding will be considered and if so, how. This means there may be continued uncertainty about funding we can expect for the CRP in 2018.

# Plan of Work & Budget 2017

Preparing the CRP Plan of Work & Budget (POWB) for 2017 was challenging given the System Council decision to not provide W1/2 funding to the two Livestock CRP with a pro rata cut to the management budget. The POWB was submitted on February 15th. Feedback was provided by the System Management Office indicating where we need to continue to improve, particularly with respect to formulating the various elements of the Performance Management Framework (outputs, outcomes, milestones, targets) and the narrative so that they are both internally consistent and harmonized across the CRPs. The total budget is nearly 20% higher than in the proposal: the cut in W1/2 funding for the two flagships and management was offset by a number of new W3/bilateral funded projects (Table 3).

**Table 3. Livestock CRP 2017 budget: original proposal version versus POWB, by source (million USD)**

|  |  |  |  |
| --- | --- | --- | --- |
|  | W1/2 | W3/Bilateral | TOTAL |
| CRP Proposal (July 2016) | 20.2 | 23.3 | 43.5 |
| POWB (March 2017) | 14.0 | 37.6 | 51.6 |
| % Change | -31% | +61% | +19% |

# Financial outlook

There is reasonable confidence that the amount of W1/2 funding from donor commitments for 2017 (based on soft pledging at the last System Council meeting) will match the total budget proposed. However, there is the risk that some CRPs will be oversubscribed in W2 funds and others significantly undersubscribed, and this is currently the subject of discussion at the System level as to the appropriate approach to manage this risk in allocating the W1 funds and to improve the reliability and stability of CRP funding. We currently have little intelligence on donor W2 plans beyond vague assurances from a few donors; the donors are also facing pressures and uncertainty from their own constituencies. The CRP is operating assuming the projected $14.0m W1/2 budget will be funded.

# Independent Steering Committee

A candidate list has been established for members of the Independent Steering Committee (ISC) of the CRP, but the committee has not yet been constituted. There has been continued debate as to whether the ISC is to have an executive function, as was required in the CRP proposal guidance, or to be primarily advisory as many of the CRPs do in practice, and the System Management Board has now agreed to do a ‘stock-take’ of CRP governance – and especially the role of the ISCs – in light of the reform and restructuring of the System in 2016. The outcome will have important implications for the appropriate profiles of ISC members. At the same time, the number of ISC meetings has been reduced from two to one in 2017 to accommodate the W1/2 budget cut, so there has been less pressure to have the ISC immediately in place. Their inaugural meeting will be held in August-September to provide feedback on work planning for 2018. This list of candidates under consideration will be provided to the Board for review and discussion under the CRP agenda item.

# Partnership

The Livestock CRP now includes two non-CGIAR implementing partners and attention is being given to defining the modalities to enable their full participation. Issues are emerging already in the partnership with the Swedish University of Agricultural Sciences (SLU) associated with the funding arrangements for W1/2 used to support certain SLU activities and especially students:

* W1/2 has proven to be uncertain within a given year with disbursements of much of the funding comes late in the year, whereas SLU does not have a mechanism that allows them to pre-finance their activities in the meantime. ILRI’s practice does not allow it to bear the risk of pre-financing partner activities.
* W1/2 has also proven variable from year to year and unreliable for making multi-year commitments, such as for PhD student positions.

We are analysing the constraints jointly and considering options that will allow us to mitigate these constraints and maintain the partnership.

# Monitoring & Evaluation

Establishing an effective and sustainable performance monitoring system for the program remains a priority. A Performance and Partnership Manager position has been created for rolling out the M&E system that was developed over the final year of the Livestock & Fish CRP. The position will also be responsible for strengthening the focus country teams and coordinating the CRP engagement in the CGIAR Country Collaboration initiative. This is important since it is anticipated that much of the M&E will be in the focus countries implemented by the country teams and may be expected to also contribute to or integrate within CGIAR Country Collaboration efforts.